

Message Text

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ACTION STR-08

INFO OCT-01 EUR-25 EA-11 IO-14 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 EB-11 FRB-02 H-03 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-04 RSC-01 AID-20

CIEP-02 SS-20 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03

FEA-02 OMB-01 SAM-01 DRC-01 /207 W

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R 281419Z FEB 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8318

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 02596

E.O. 11652: GDS

TAGS: ETRD

SUBJECT: RESTRICTIONS ON IMPORTS OF GROUND BALL
BEARINGS FROM JAPAN

REF: A) STATE 36050, 2/23/74; B) LONDON A-609, 5/2/73

1. REF B DISCUSSED THE "UNDERSTANDING" LIMITING
JAPANESE EXPORTS OF ROLLING BEARINGS TO THE UNITED
KINGDOM CONCLUDED IN 1972 BETWEEN THE BRITISH ROLLER
BEARING MANUFACTURERS ASSOCIATION (BRBMA) AND THE
JAPANESE BEARING AND INDUSTRIAL ASSOCIATION (JBIA).
IT SHOULD BE NOTED THAT THE ROLLING BEARING SECTOR
INCLUDES ROLLER, NEEDLE AND OTHER ROLLER BEARINGS AS
WELL AS BALL BEARINGS. THIS UNDERSTANDING, WHICH WAS
ENCOURAGED BY HMG, WAS ENTERED INTO TO CONTROL THE
SHARP RATE IN THE INCREASE OF JAPANESE ROLLING BEARING
EXPORTS TO THE UK. SUCH IMPORTS IN THE ROLLING
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BEARINGS SECTOR (I.E., BALL, ROLLER AND NEEDLE BEARINGS)

WERE VALUED AT POUNDS 4 MILLION IN 1971. THIS REPRESENTED A 200 PERCENT AND 500 PERCENT INCREASE IN IMPORTS FROM JAPAN IN 1971 AND 1967 RESPECTIVELY.

2. JAPANESE EXPORTS OF ROLLING BEARINGS TO THE UK WERE 2,992 TONS IN 1971. THE REFERENCED UNDERSTANDING WHICH COVERED 1972 AND 1973 CALLED FOR JAPANESE EXPORTS TO BE LIMITED TO 2,550 TONS IN 1972 AND 2,805 TONS IN 1973 (A TEN PERCENT INCREASE OVER 1972). THIS UNDERSTANDING WAS ENCOURAGED BY BOTH THE HMG AND THE GOJ ALTHOUGH NEGOTIATIONS CONCERNING IT WERE LEFT ALMOST EXCLUSIVELY TO THE BRBMA AND THE JBIA. JAPANESE EXPORTS WERE CONTROLLED THROUGH A MITI EXPORT CONTROL ORDINANCE WHILE BRBMA MAINTAINED A CONTINUING CHECK ON THE OVERALL VOLUME OF JAPANESE IMPORTS.

3. BRBMA REPRESENTATIVES WENT TO TOKYO IN JANUARY 1974 TO DISCUSS UK MARKET PROSPECTS IN LIGHT OF JAPANESE ROLLING BEARINGS EXPORTS IN THE LIGHT OF CURRENT UK ECONOMIC CONDITIONS. ALTHOUGH NO FORMAL UNDERSTANDING, SIMILAR TO THE 1972/73 UNDERSTANDING, WAS REACHED THE GOJ AND JAPANESE INDUSTRY CIRCLES ARE AWARE THAT A RESUMPTION OF ACCELERATED JAPANESE ROLLING BEARING EXPORTS TO THE UK WOULD RESULT IN MAJOR UK MARKET DISRUPTION. IF THIS WERE TO OCCUR, THE BRBMA WOULD SEEK, AND EXPECT TO GET, HMG ACTION TO PROTECT THE UK INDUSTRY. THE BRBMA EXPECTS JAPANESE EXPORTERS TO COMPLY WITH 1972/73 EXPORT PATTERNS ALTHOUGH THE JAPANESE CONTEND THAT OTHER SUPPLIERS ARE INCREASING THEIR UK MARKET SHARE WHILE THE JAPANESE SHARE REMAINS STATIC. IN PERIOD JANUARY TO AUGUST 1973 COMPARED TO SIMILAR PERIOD IN 1972, SWEDISH EXPORTS OF ROLLING BEARINGS WERE UP BY 35 PERCENT, FRANCE'S UP BY 43 PERCENT, ITALY'S UP BY 30 PERCENT AND WEST GERMANY'S UP BY 56 PERCENT.

4. RELEVANT STATISTICS, IN MILLIONS OF POUNDS PROVIDED

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BY BRBMA, FOR UK BALL BEARING SECTOR ALONE FOLLOW (1973
FIGURES ARE INCLUSIVE FROM JANUARY TO OCTOBER):

1969 1970 1971 1972 1973

1) SHIPMENTS 38 44 46 44 36

2) IMPORTS (CIF) 7 9 11 10 11

SUBTOTAL 45 53 57 54 47

3) EXPORTS (FOB) 9 11 13 12 11

4) UK CONSUMPTION 36 42 44 42 36

5) JAPANESE IMPORTS (CIF) 1.0 1.6 3.1 2.9 2.2

6) ITEM 5-PERCENT OF ITEM 4 2.8 3.8 7.0 6.9 6.1

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BRBMA BELIEVES ABOVE STATISTICS DO NOT FULLY DEPICT
PROBLEM WHICH WAS POSED BY JAPANESE BALL BEARING
IMPORTS. THESE IMPORTS WERE REPORTEDLY CONCENTRATED
IN A RANGE OF CHEAP BALL BEARINGS WHICH WAS

THREATENING TO ELIMINATE OR SEVERELY CURTAIL UK HOME
PRODUCTION IN THE SAME RANGE. IF THIS WERE TO OCCUR,
THE UK FIRMS' COSTS FOR PRODUCING ALL TYPES OF ROLLING
BEARINGS WOULD INCREASE SIGNIFICANTLY AND UK INDUSTRY
WOULD HAVE BECOME ALMOST TOTALLY DEPENDENT ON JAPANESE

SOURCES FOR A CRITICALLY NEEDED INDUSTRY ITEM.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DATA, IMPORT CONTROLS, BEARINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON02596
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974023/aaaaacki.tel
Line Count: 172
Locator: TEXT ON-LINE
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) STATE 36050, 2/23/74; B) LONDON A, -609, 5/2/73
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2002 by elyme>; APPROVED <04 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RESTRICTIONS ON IMPORTS OF GROUND BALL BEARINGS FROM JAPAN
TAGS: ETRD, US, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005